

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
**PUBLIC UTILITIES COMMISSION**

IN RE:   NARRAGANSETT ELECTRIC COMPANY       DOCKET NO. 2867  
          HIGH VOLTAGE RATE FILING

REPORT AND ORDER

On January 25, 1999, the Narragansett Electric Company ("Narragansett" or "Company") filed with the Public Utilities Commission ("Commission") a proposal to introduce two new companion generic tariffs to its existing tariffs relating to High Voltage Delivery Service. Under the proposed tariffs,<sup>1</sup> the Company will supply High Voltage Delivery Service to any customer with demands greater than 200 kW taking end-use delivery service directly from 115 kV or 69 kV facilities where the high voltage facilities serving the customer are sized according to the amount of power received by the customer.

The Company proposed that the H-72 rate and tariff be applicable to service provided to the National Railroad Passenger Corporation, also known as "Amtrak".<sup>2</sup> Amtrak was scheduled to take traction power service at high voltage as part of its Northeast Electrification Project in latter 1999, and to take this service at Narragansett's "Blackburn Switching Station" located directly underneath Narragansett's existing transmission lines in Warwick. At the switching station is a 115 kV underground interconnection to Amtrak's

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<sup>1</sup> Designated High Voltage Service Rate H-72 and High Voltage Back-Up Service Rate B-72.

<sup>2</sup> Amtrak was accepted as an official intervenor without objection.

substation.<sup>3</sup> Both facilities, Narragansett's switching station and Amtrak's substation, were under construction at the time of the rate filing, and were subsequently completed. Narragansett proposes to make this service available to any other customer that would qualify for service under the proposed tariffs.

Narragansett offered the testimony of two witnesses in support of its filing. Mr. James M. Molloy, Senior Rate Analyst for New England Power Service Company testified on the design of the proposed rates.<sup>4</sup> Ms. Kathy Lyford, Lead Project Engineer Coordinator for Narragansett Electric Company, testified on the infrastructure and engineering component of the project.

According to Mr. Molloy, Amtrak will be a customer with a very low load factor that will impose significant high demands of very short duration on the Narragansett system. This usage pattern occurs because trains will pass through Narragansett's territory at a rapid pace. Presently, Narragansett does not have a rate that would apply to the unique usage pattern of Amtrak. The proposed generic rates were derived from an Allocated Cost of Service Study approved by the Commission in Docket No. 2515<sup>5</sup> and are based on the combined revenue requirements of the G-32 and G-62 rate classes<sup>6</sup>, excluding allocated costs associated with lower voltage distribution facilities. Under the G-32 and G-62 rates, the customer would be billed for the cost of distribution through demand and energy charges and receive a delivery credit whenever the

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<sup>3</sup>Tr., 4/29/99, p. 52.

<sup>4</sup> NEC Exh. 1.

<sup>5</sup> Narragansett Electric Co. Electric Restructuring Plan approved in Order No. 15382 (issued September 4, 1997).

customer did not use the Company's distribution facilities when taking service at 115 kV. The rate design of the high voltage delivery credit does not provide a consistent matching of costs and revenues from customers such as Amtrak. As a result, Narragansett eliminated the credit and designed a rate that consists of a monthly customer charge and a unified distribution charge, plus other charges that are applicable to all customers.<sup>7</sup> Amtrak would be responsible for all costs to transfer the power from the high voltage delivery point.

Other terms and conditions of the tariff required the customer to undertake safety precautionary measures that include reliability performance and engineering studies. The customer is obligated to meet reliability performance standards in order to assure that the provision of the service directly from the transmission system does not adversely affect other customers. Finally, Amtrak is required to execute a high voltage service agreement with the Company which must be filed with the Commission for approval.

Amtrak objected to Narragansett's `proposed generic rates on the basis that the rates were developed from an outdated cost of service and the rate design of the G-32 and G-62 rate classes. Amtrak was concerned that the average load factor of customers under this rate class did not resemble the load characteristics of Amtrak. Given the nature of Amtrak's unusual load and its

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<sup>6</sup> The 200 kW Demand Rate G-32 and the 3000 kW Demand Rate G-62 are applicable to customers taking retail high voltage delivery service.

expected growth over the next several years, Amtrak was concerned that the bulk of the facilities-related charges were built into the distribution charge. Amtrak maintained that the proposed generic rates contained both a low customer charge and a high distribution charge. Amtrak filed the testimony of its witness, Mr. Stan C. Faryniarz of La Capra Associates.<sup>8</sup>

The Division of Public Utilities and Carriers ("Division") filed the testimony of Dr. Charles E. Johnson, Ph.D.<sup>9</sup> Dr. Johnson's testimony focused on the cost basis of the service and the rate structure of the proposed rates. Dr. Johnson did not oppose application of the proposed rates to customers with loads similar to those of the Company's G-32 and G-62 customers. However, because of the unusual nature of the Amtrak load and its dissimilarity to the G-32 and G-62 customer loads, he did not believe that the H-72 rate was appropriate for Amtrak. He noted that the Company will be making an investment of approximately \$1.1 million in facilities required to serve Amtrak. Coupled with the uncertainty of expected loads, usage and revenues to be generated by Amtrak, Dr. Johnson believed that the proposed rate, as filed, did not provide Narragansett with sufficient cost recovery. Instead, he recommended that a separate rate be developed solely for Amtrak's load and electric propulsion requirements. Dr. Johnson created a cost of service study which the Company, Division and Amtrak utilized in developing a specific electric propulsion rate for Amtrak.

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<sup>7</sup> Transmission rate, transition charges and demand side management charges.

<sup>8</sup> Amtrak Exh. 1.

On April 28, 1999, a Stipulation and Settlement on Rate Issues ("Settlement"),<sup>10</sup> executed by Narragansett, the Division, and Amtrak (collectively, the "Parties"), was filed with the Commission. The Settlement recited that it "resolves all issues relating to the High Voltage Rate tariffs proposed by the Company and the tariff that will be applicable for service to Amtrak at its Warwick substation." However, the settling parties noted that the terms and conditions of the service agreement between the Company and Amtrak were still under negotiation.

After notice, a public hearing was held on April 29, 1999 at the Commission's offices, 100 Orange Street, Providence, RI. The following appearances were entered:

FOR NARRAGANSETT:	Ronald T. Gerwatowski, Esq.
FOR THE DIVISION:	Beth A. Kelleher, Esq. Special Assistant Attorney General
FOR AMTRAK:	Andrew J. Newman, Esq. and Wayne Frigard, Esq.
FOR THE COMMISSION:	Adrienne G. Southgate General Counsel

A panel of witnesses testified in support of the Settlement, including James M. Molloy, Dr. Charles E. Johnson and Stan C. Faryniarz. In the

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<sup>9</sup> Div. Exh. 1.

<sup>10</sup>The Settlement, as modified at the hearing on April 29, 1999 and admitted as Joint Ex. 1, is attached hereto as Appendix A and incorporated by reference herein.

Settlement, the parties agreed that a new "Electric Propulsion Rate" would be implemented and would apply to Amtrak.<sup>11</sup> Amtrak agreed to reimburse the Company for its entire capital costs, estimated to be approximately \$1,120,000, of constructing facilities to serve Amtrak. The parties also agreed that any future investment the Company makes to facilities at Amtrak's Warwick substation would be allocated directly to the Electric Propulsion Rate class in future rate cases. At the hearing, the parties agreed to certain conforming textual changes in the Settlement and the appended tariffs.<sup>12</sup> Finally, the Company and the Division agreed that the High Voltage Rate Tariffs H-72 and B-72, as modified in Attachment 2 to the Settlement, were just and reasonable and recommended their approval by the Commission.<sup>13</sup>

At an open meeting held on May 11, 1999, the Commission reviewed the record and the evidence presented, found the Settlement to be a fair and reasonable resolution to the rate issues raised by the parties, and approved the Settlement. Approval of an interconnection agreement was deferred to allow the Company and Amtrak to continue negotiating the terms and conditions of the service agreement. The parties agreed to subsequently file such an agreement for approval by the Commission.

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<sup>11</sup>The new rate, designated Electric Propulsion Rate X1, is appended as Attachment 1 to the Settlement.

<sup>12</sup> The Stipulation and Settlement of Rate Issues AS MODIFIED was filed with the Commission on April 29, 1999.

<sup>13</sup> Amtrak had no objection to tariffs H-72 and B-72 provided they were not applicable to Amtrak.

On February 17, 2000, an Interconnection High Voltage Service Agreement ("Interconnection Agreement") between Amtrak and Narragansett<sup>14</sup> was filed for Commission approval. The Division engaged consultant Gregory Booth, P.E. of Booth and Associates, to review the interconnection agreement. Mr. Booth's review indicated that Narragansett's quality of service to its customers would not be compromised and that the agreement provided adequate protection and appropriately assigned responsibility for any power quality problems that might occur. On March 13, 2001, the Division's Chief Accountant, Stephen Scialabba, filed a memorandum stating that the Division had reviewed and accepted the provisions of the interconnection agreement, and recommended its approval by the Commission.

At open meeting held March 21, 2001, the Commission approved the Interconnection Agreement.

Accordingly, it is hereby

(16752) ORDERED:

1) Narragansett Electric Company's rate filing filed on January 25, 1999, seeking approval to implement two High Voltage Delivery Service rates, is hereby denied and dismissed.

2) The Stipulation and Settlement on Rate Issues filed on April, 28, 1999, as modified at the hearing of April 29, 2001 (and a conformed copy of which was filed with the Commission on April 29, 2001), is hereby approved.

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<sup>14</sup> The Interconnection Agreement is attached as Appendix B hereto and incorporated by reference herein.

3) Narragansett Electric Company's proposed Electric Propulsion Rate X1 is hereby approved effective as of May 11, 1999.

4) Narragansett Electric Company's proposed High Voltage Delivery Service Rate H-72 and High Voltage Back-Up Service Rate B-72 are hereby approved effective as of May 11, 1999.

5) The Interconnection High Voltage Service Agreement between Amtrak and Narragansett Electric Company filed on February 17, 2000 is hereby approved.

DATED AND EFFECTIVE AT PROVIDENCE, RHODE ISLAND  
PURSUANT TO OPEN MEETING DECISIONS ON MAY 11, 1999 AND  
MARCH 21, 2001. WRITTEN ORDER ISSUED OCTOBER 26, 2001.

PUBLIC UTILITIES COMMISSION

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Kate F. Racine, Commissioner

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Brenda K. Gaynor, Commissioner